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Congress of the United States House of Representatives

Washington, DC 20515

January 23, 1986

COMMITTEE ON APPROPRIATION

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DISTRICT OF COLUMBIA

SELECT COMMITTEE
ON CHILDREN, YOUTH
AND FAMILIES

Mr. Robert W. Magee
Director of Personnel
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Magee:

I am writing to ask your assistance on a matter of extreme importance to the efficient and effective operation of the federal government. As you know, just before adjourning the first session of the 99th Congress, the House of Representatives passed the Tax Reform Act of 1985. The House-passed version of the tax bill contains a provision which would dramatically impact those federal employees (as well as millions of other public service employees and other Americans) who retire after July 1, 1986. Employees who retire prior to July 1, 1986, will be allowed to recoup their contributions to the Civil Service Retirement System tax free during the first three years they receive annuities.

The House bill would require that those who retire after July 1, 1986, will have to immediately begin paying taxes on the majority of the annuity that they receive from the first month of retirement. I opposed the inclusion of this provision in the tax bill, and in the Republican Substitute tax bill managed to get it excluded. Unfortunately, the Republican Substitute bill was not accepted, and the provision remains in the Tax Reform Act as passed by the House of Representatives.

I have been told by many agencies that a large number of highly skilled employees who are currently eligible to retire will now do so before July 1, 1986. These retirements could adversely affect many agencies' ability to carry out their important missions. I am writing to ask you to provide me information that I can compile and, in turn, provide to those interested Senators who will consider the bill in February 1986.

I would appreciate your specifically providing me with answers to the following questions, by February 7, 1986:

1. Approximately how many of the employees in your agency are eligible to voluntarily retire prior to July 1, 1986?
2. What percentage is this of your total work force?

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3. Are those eligible to retire in hard-to-fill positions, or in positions where you have a sufficient applicant pool to fill behind those who do retire?
4. In prior years, of the percentage eligible to retire, how many actually chose retirement?
5. Do you expect an increase in the percentage of those eligible to retire by July 1, 1986, actually retiring? If so, why?
6. Will your agency's ability to carry out its mission and responsibilities be hampered if a substantial number of those eligible to retire do so prior to July 1, 1986?

I recognize that my request for information has a very short response date (February 7, 1986). However, if the information I have received from some agencies is correct, we may face an extremely serious situation if the tax provisions affecting federal retirees is enacted as presently written. It is therefore imperative that I receive the information by February 7 so that it can be provided to the Senate Finance Committee and others in a timely fashion. Thank you very much for your fine work and cooperation in the past, and I look forward to your response to this request.

Sincerely,

Frank R. Wolf
Member of Congress

FRW:rp